



Presentation to Investors



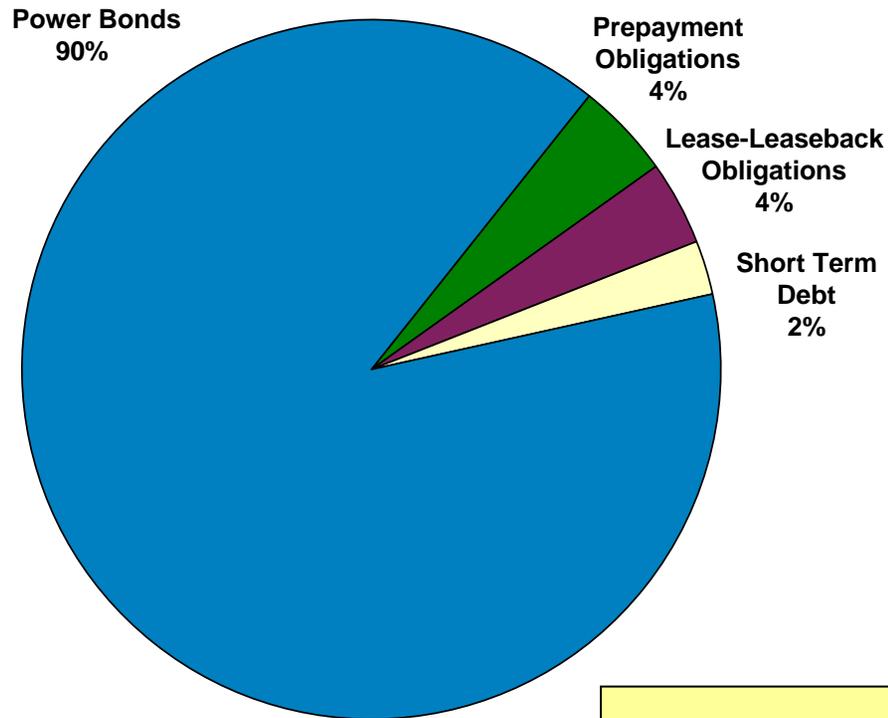
Funding Program Update



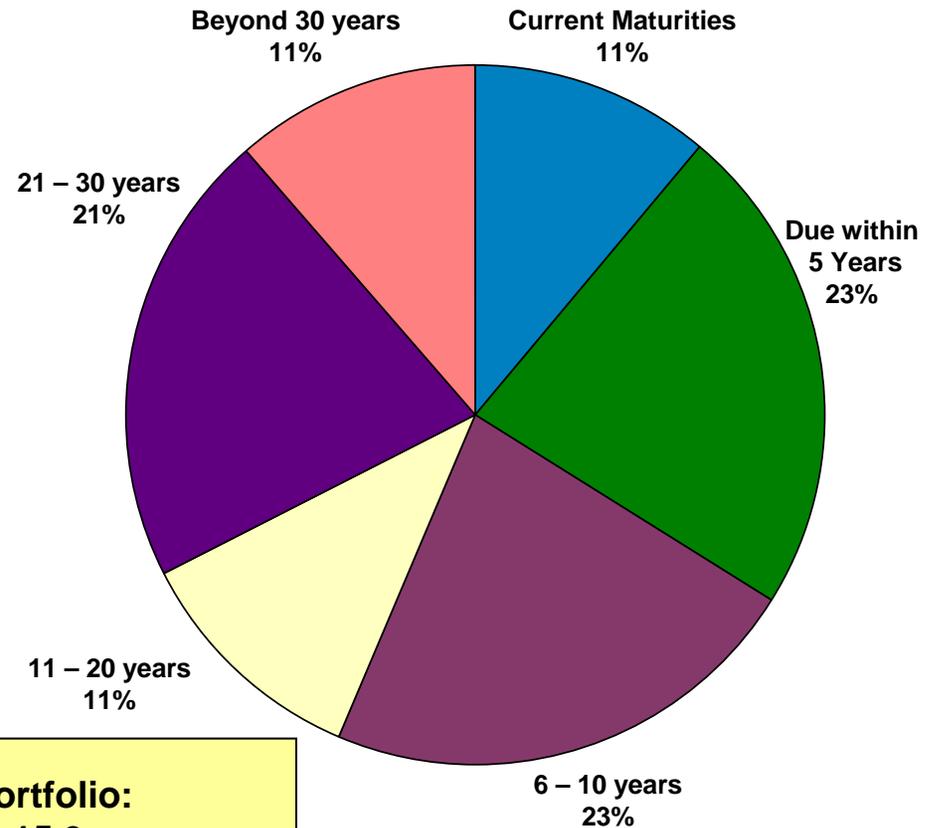
Composition of Financing Portfolio

Debt & Financing Obligations

Balance: \$25.2 billion



Maturities (including other financing obligations)



Current Portfolio:
Average Life: 15.9 years
Average Interest Rate: 5.76%

As of March 31, 2008



TVA Compared to Major GSE Issuers

- TVA is a wholly-owned Federal corporation, not a GSE:
 - *All directors appointed by the President (confirmed by the U.S. Senate)*
 - *No common stockholders*
 - *Included in the Federal budget and government's financial statements*
- Profit-neutral, funded mainly with power revenues
- TVA provides a diversification opportunity in the GSE/agency space:
 - *Vital infrastructure provider and major reliability coordinator for the U.S. Eastern Interconnection power grid (reaches majority of U.S. population)*
 - *Bonds backed by net power proceeds of the TVA power system (composed of tangible, cash-producing assets)*
 - *Business model not tied to mortgage markets*
 - *75 years of successful power and stewardship operations through multiple economic cycles and various industry trends*



Financing Program History



POWERFUL PAST. BRIGHT FUTURE.

- **Early Financing Authorization: 1933 – 1939**
 - *Original TVA Act in 1933 authorized TVA to issue bonds with “all rights and privileges accorded by law to Panama Canal bonds.”*
- **Congressional Appropriations: 1939 – 1959 (primary)**
 - *Total = \$1.4 billion (including property transfers)*
- **Self-Financing Amendment to the TVA Act: 1959**
- **Public Markets: 1960 – 1974**
 - *November 1960: First Power Bonds issued*
- **Federal Financing Bank (U.S. Treasury): 1974 – 1989**
- **Public Markets: 1989 – Present**
 - *June 1995: First Global Power Bonds issued*
 - *Almost \$60 billion in total long-term financings since re-entering the public markets*





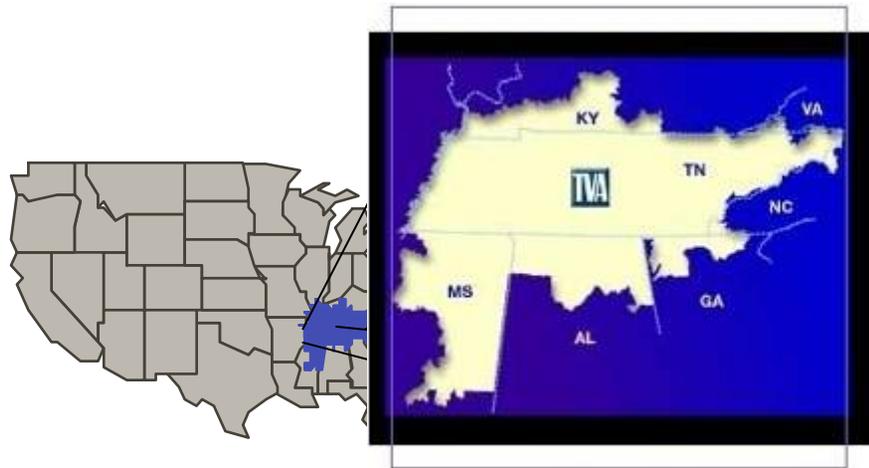
Business Update



Profile: America's Largest Public Power Provider

TVA Corporate Profile

- Wholly-Owned U.S. Government Corporation
- Financially self-supporting - *TVA receives no taxpayer funding for either its power or stewardship activities.*
- Created in 1933 by an act of Congress - charged with providing navigation, flood control, agricultural and industrial development, and electric power generation.



Power Service Area

- 175 billion kWh annual power sales (2007)
- 159 distributor customers
- 8.8 million service area population
- 33,482 MW all-time TVA peak power demand (August 16, 2007)
- 80,000 square-mile service area - spans parts of seven states
- 16,000 circuit miles of transmission lines

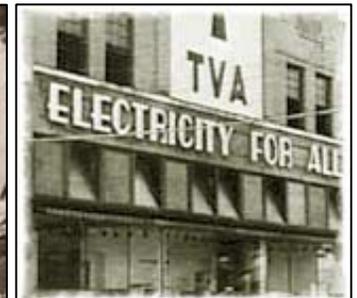


Seventy-Fifth Anniversary

- TVA is celebrating its 75th Anniversary in 2008.
- The TVA Act was signed into law by President Franklin D. Roosevelt on May 18, 1933.
- TVA has a long and proud history of serving the Tennessee Valley, providing reliable, affordable electricity, supporting a thriving river system, and stimulating economic growth.

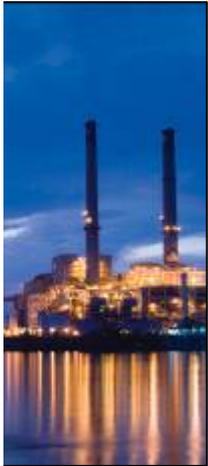


POWERFUL PAST. BRIGHT FUTURE.





Profile: America's Largest Public Power Provider



TVA Power System Resources

- 11 fossil plants (59 units)
- 3 nuclear plants (6 units)
- 29 hydroelectric plants (109 units)
- 1 pumped-storage plant (4 units)
- 8 combustion turbine (CT) facilities (83 units)
- 2 diesel generation sites (9 units)
- 3,504 megawatts under purchase agreements

Net Power System Generation

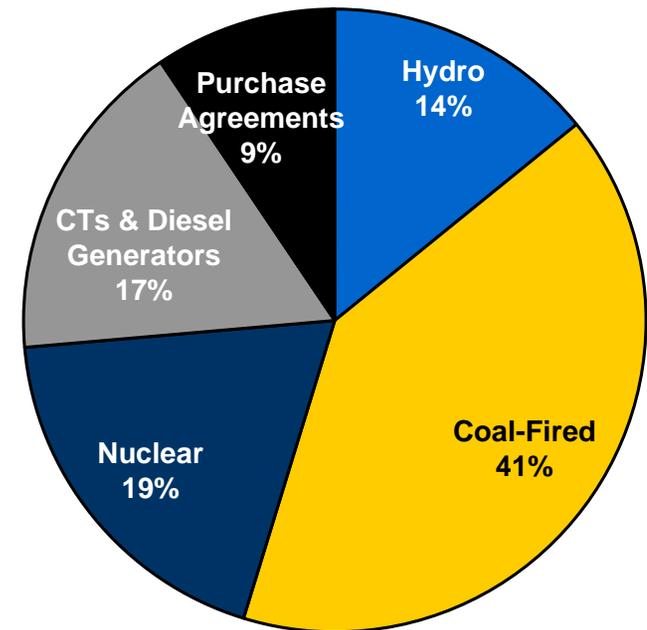
For the years ended September 30 (in billions of kWh)

	2007	2006	2005
Hydroelectric	9.0	10.0	15.7
Fossil	100.2	99.6	98.4
Nuclear	46.4	45.3	45.2
Other	0.7	0.6	0.6
	156.4	155.5	159.9

Figures as of September 30, 2007

June 2008

Power System Capacity*



*Net winter dependable capacity 9



Profile: America's Largest Public Power Provider

TVA Financial Highlights

As of, or for the years ended, September 30 (\$ millions)



Revenues, By Source

	2007	2006	2005
Municipal & Cooperative	\$ 7,774	\$ 7,859	\$ 6,539
Industries Directly Served	1,221	1,065	961
Federal Agencies & Other	112	116	181
Other Revenues	137	135	101
	\$ 9,244	\$ 9,175	\$ 7,782

Financial Summary

Total operating expenses	(7,723)	(7,582)	(6,503)
Interest expense, net	(1,184)	(1,215)	(1,261)
Net income *	\$ 383	\$ 329	\$ 85
Total assets	33,902	34,520	34,473
Cash flow from operations	1,763	2,014	1,462
Construction expenditures	(1,306)	(1,399)	(1,339)



*Illustrative – Net of other income, expenses and adjustments not shown.

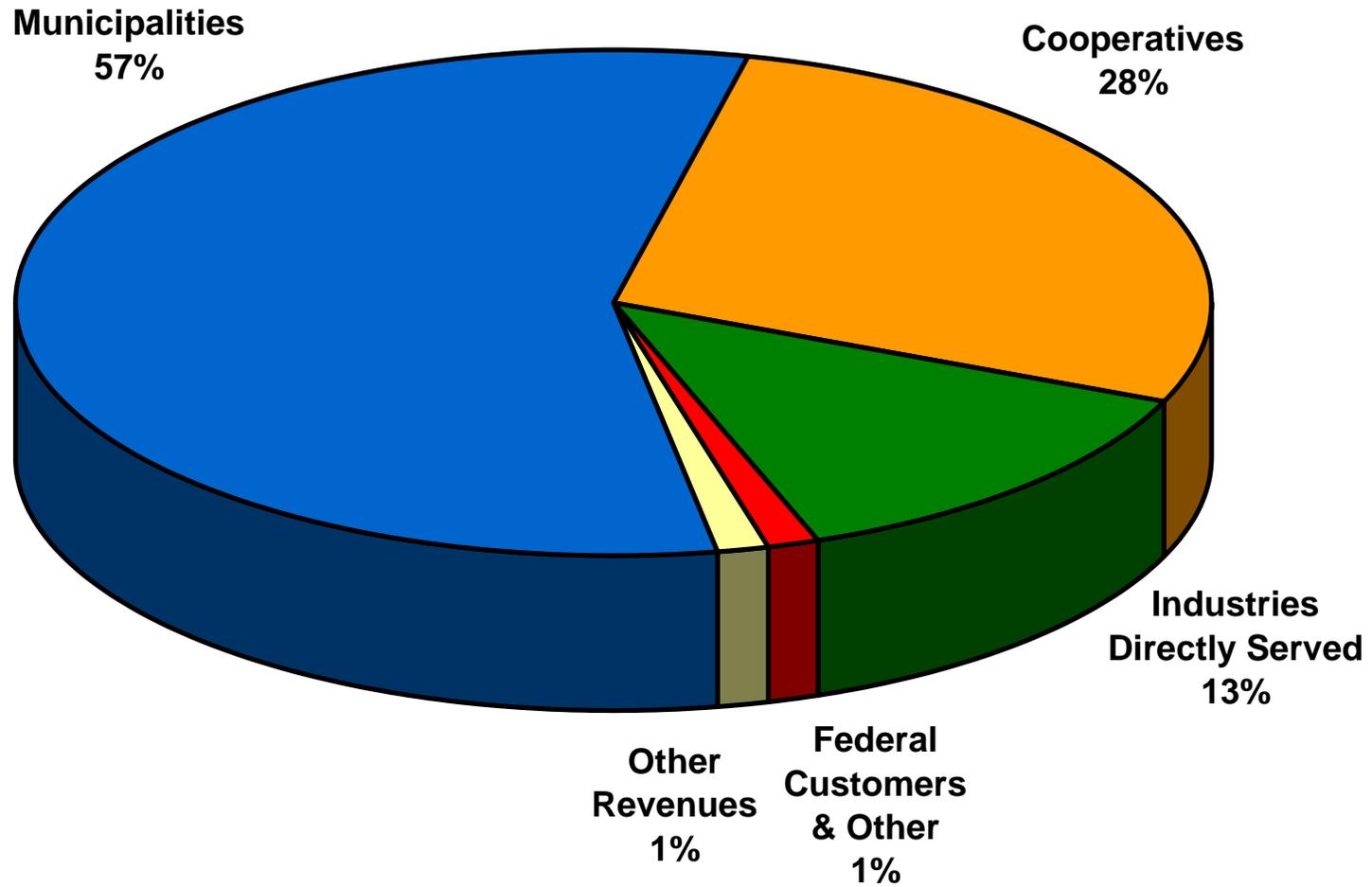
June 2008

TVA 2007 Quick Facts

- Nation's largest public power provider
- 12,013 employees
- 175 billion kWh total power sales
- 156 billion kWh total system generation
- 36,914 MW system capacity (winter net dependable)
- Stewardship of the nation's fifth-largest river system
- 800 miles of commercially navigable waterways
- 49 dams for integrated river management
- 650,000 surface acres of water
- 293,000 acres of reservoir land managed for multiple benefits
- 8.8 million service area population

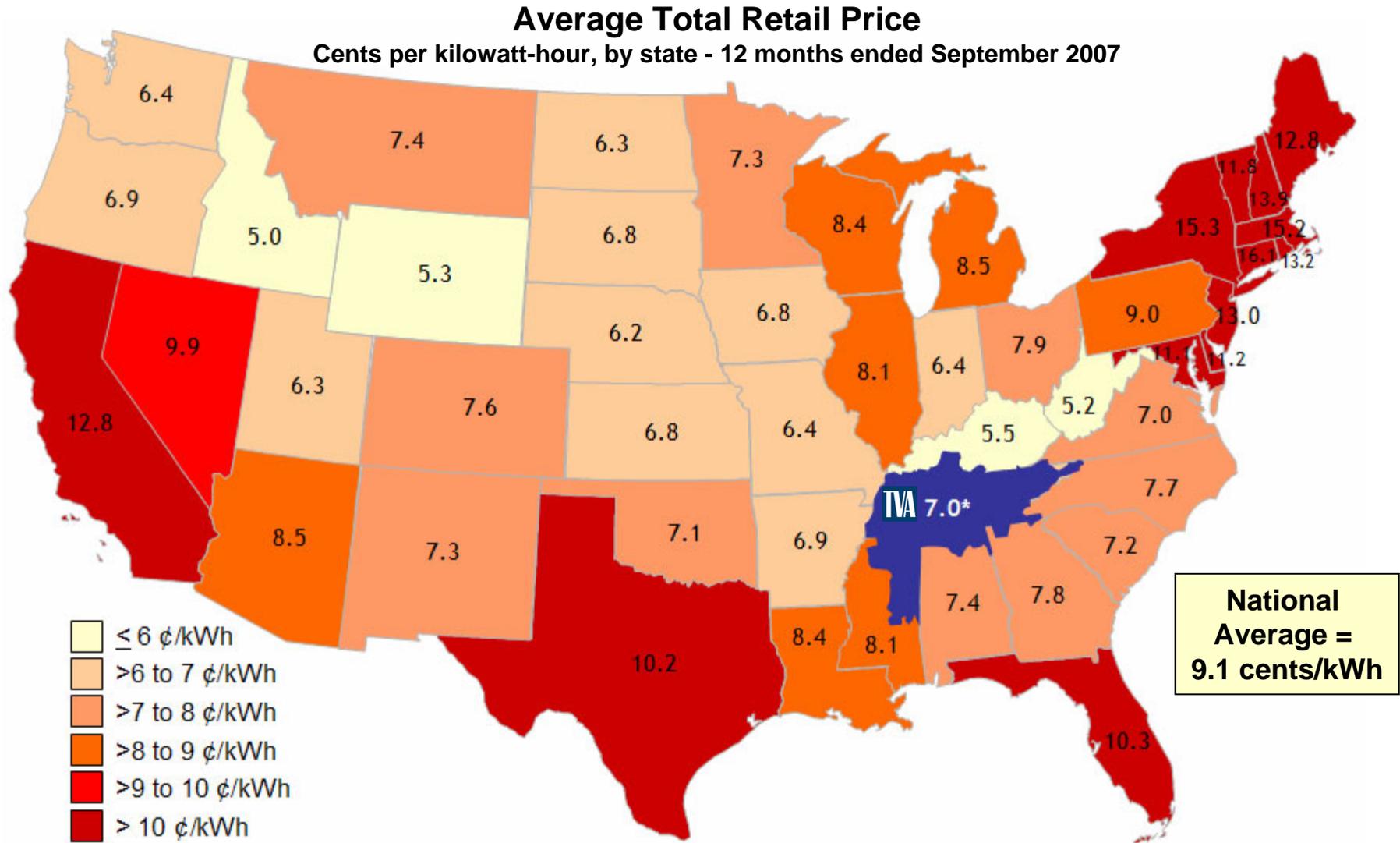


Revenue Diversity





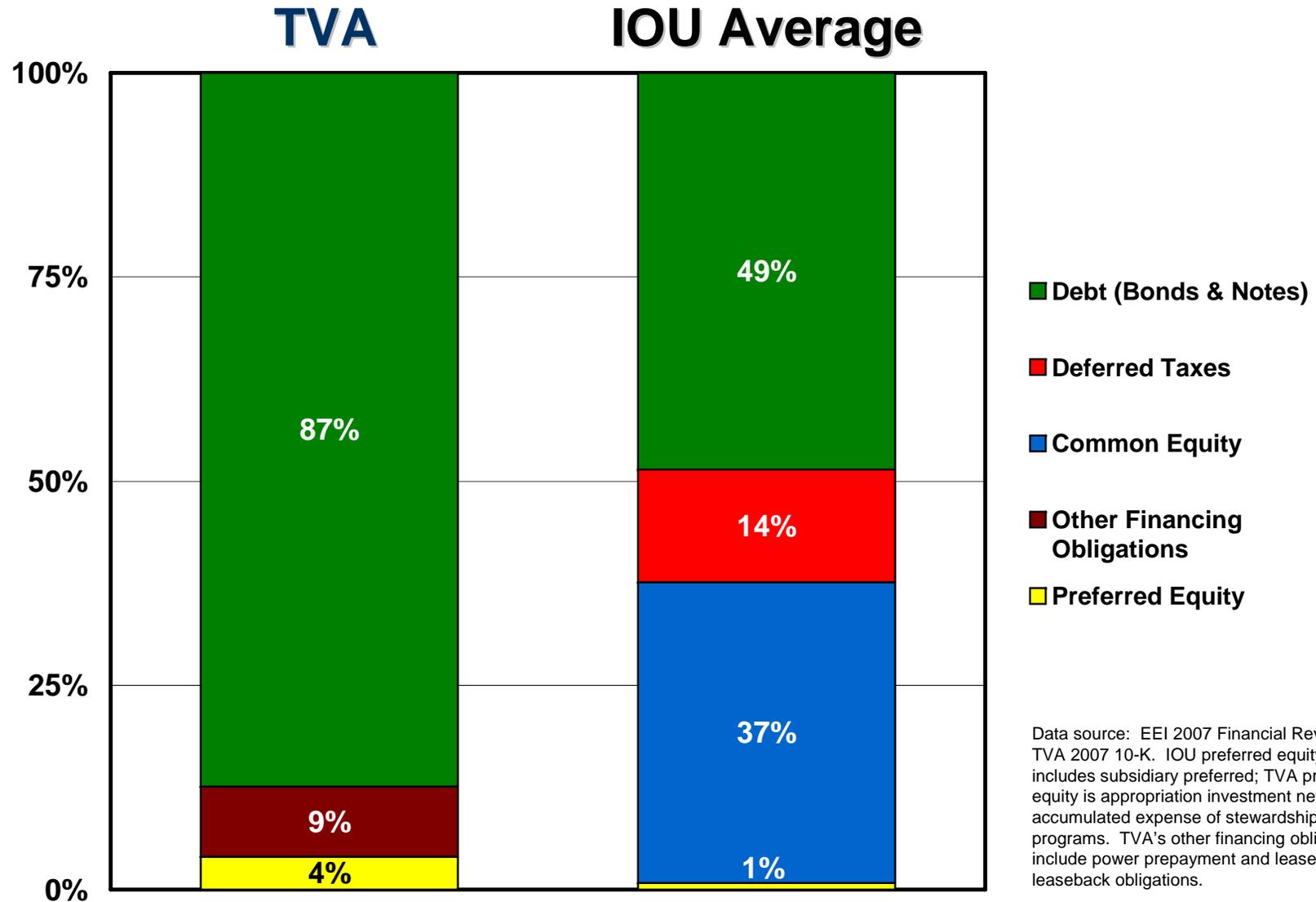
Power Rates Comparison



*TVA average includes April 2008 7% rate adjustment. Data Source: EIA Monthly Electric Utility Database (Form EIA-826)



Capital Structure Comparison



Data source: EEI 2007 Financial Review; TVA 2007 10-K. IOU preferred equity includes subsidiary preferred; TVA preferred equity is appropriation investment net of accumulated expense of stewardship programs. TVA's other financing obligations include power prepayment and lease-leaseback obligations.



Fiscal Year 2008 Financial Update

	<i>(Six Months Ended March 31)</i>		Percent Change
	2008	2007	
Power Sales (millions of kWh)	85,806	83,275	3%
Revenues	\$ 4,804	\$ 4,384	10%
Operating Expenses	4,088	3,679	11%
Fuel & Purchased Power	1,906	1,563	22%
O&M	1,162	1,139	2%
Operating Cash Flow	\$ 881	\$ 945	-7%
Interest on Debt	\$ 657	\$ 675	-3%
Power Supply (from TVA facilities):			
(millions of kWh)			
Coal-fired	48,688	49,385	-1%
Nuclear	25,562	20,358	26%
Hydroelectric	3,394	6,055	-44%
CT & Other	269	173	55%
	77,913	75,971	3%

- Sales to industrial and Federal customers up; sales to residential customers lower (mild weather)
- Drought conditions improving, but hydro generation remains impacted
- Cash flow impacted primarily by higher cash paid for fuel, purchased power costs (recoverable through fuel cost adjustment mechanism)



Trend Comparison

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Total Power Sales (kWh billions)	161.53	165.86	171.50	176.37	174.81
	<i>(in cents per kilowatt-hour sold)</i>				
Total Revenues	4.30	4.54	4.54	5.20	5.29
Total Operating Expense	3.34	3.54	3.79	4.30	4.42
Fuel & Purchased Power	1.21	1.25	1.52	1.89	1.93
O&M	1.26	1.40	1.38	1.34	1.36
Interest Expense	0.86	0.84	0.79	0.77	0.77
Operating Cash Flow	1.01	1.08	0.85	1.14	1.01
Interest Coverage (x)	2.17	2.29	2.08	2.48	2.31
Debt Per Kilowatt of Capacity	\$826	\$780	\$753	\$722	\$669
Debt to Asset Ratio	0.79	0.76	0.74	0.73	0.73

Notes:

Total power sales in 2006 and 2007 impacted by change in methodology for estimating unbilled electricity sales.

Total Operating expense includes Fuel & Purchased Power, O&M, Depreciation & Amortization, and Tax Equivalents expense.

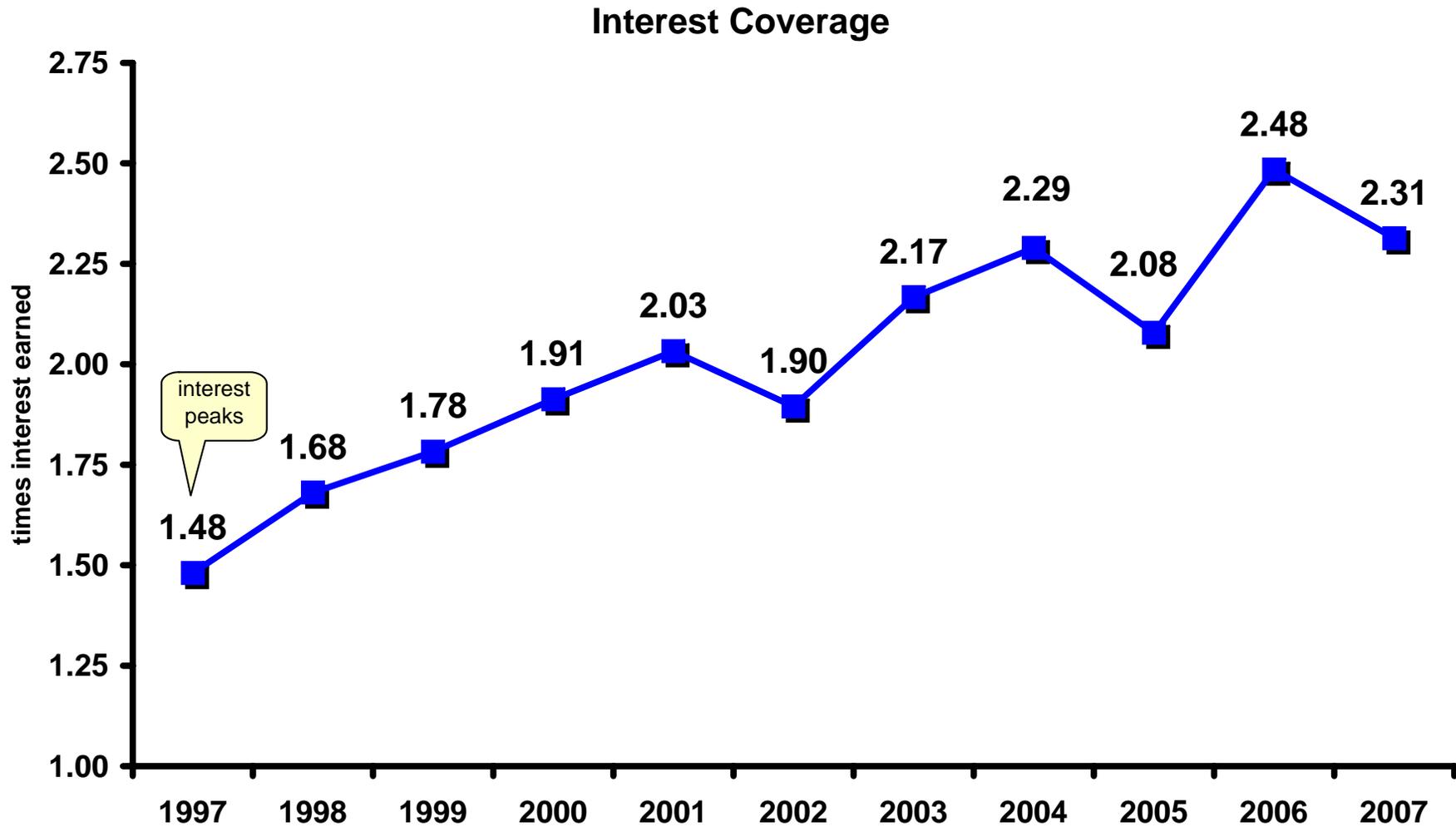
Interest Expense is interest on debt before amortization of debt costs and capitalized interest.

Capacity is total net winter dependable power system capacity as of September 30.

Debt includes bonds, notes, energy prepayment and lease-leaseback obligations.



Interest Coverage

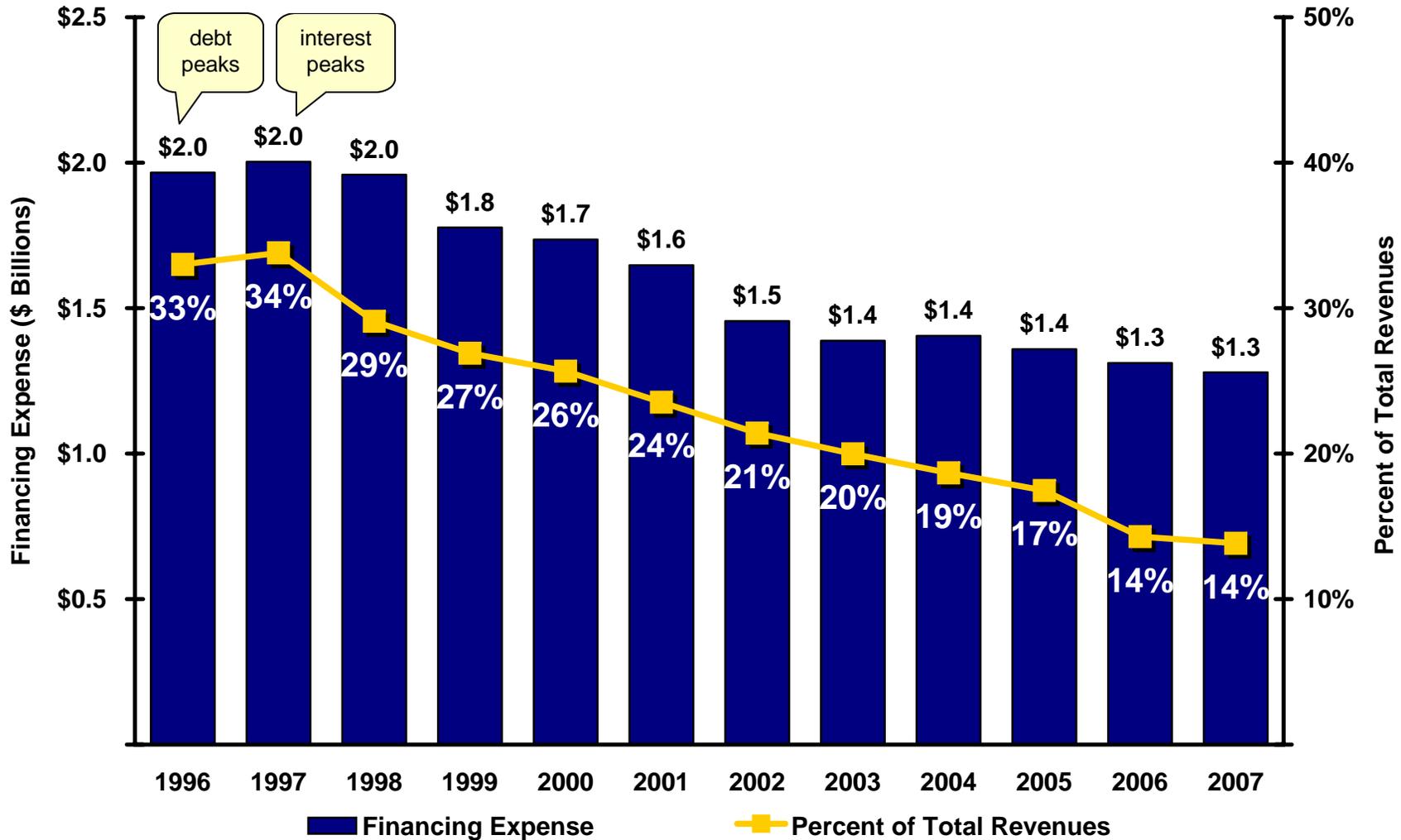


Calculated as interest on debt plus operating cash flow, divided by interest on debt. Figures prior to 2005 are for "All Programs". Does not include proceeds from a litigation settlement in 2001, or from customer power prepayment transactions in 2003 and 2004.



Interest Compared to Revenues

Interest on Debt and Other Financing Obligations as a Percent of Total Revenues



Includes interest net interest expense on bonds and notes plus financing expense from customer prepayment obligations and lease/leaseback arrangements.



Governance and Oversight

- **Nine-Member Board of Directors** – Appointed by the President
 - *Audit Committee*
 - *Various Other Committees*
- **Independent Inspector General** – Appointed by the President
- **External Auditor** – Ernst & Young
- **Financial Reporting** – Securities and Exchange Commission (SEC)
- **Congressional Committees:**
 - *U.S. Senate Environment and Public Works Committee*
 - *U.S. House of Representatives Transportation and Infrastructure Committee*
- **Other Agencies** – OMB, EPA, NRC, U.S. Treasury, etc.



Summary of Changes in Governance Structure

	PREVIOUS STRUCTURE	NEW STRUCTURE
BOARD STRUCTURE	3 Person, Full-Time Board <i>(appointed by President & confirmed by Senate)</i>	9 Person, Part-Time Board <i>(appointed by President & confirmed by Senate)</i>
RATEMAKING AUTHORITY	TVA Board Sets Power Rates	TVA Board Sets Power Rates
BOARD MEMBER TERM-LENGTH	9-Year Terms	5-Year Terms
MANAGEMENT	Board Manages Daily Operation	CEO Manages Daily Operation
AUDIT COMMITTEE	No Audit Committee	Audit Committee
FINANCIAL FILINGS	Voluntary Financial Reporting & Disclosure	Reports Filed with SEC Sarbanes-Oxley Compliance

TVA's new governance structure became effective on March 31, 2006, when 6 new Board members took office.



Developments Under New TVA Board

- Implemented fuel cost adjustment mechanism (*October 2006*)
- Transition to SEC reporting (*December 2006*)
- Purchase of power generation facilities to help meet peak demand:
 - Marshall Combustion Turbine, 756 MW (*2007*)
 - Gleason Combustion Turbine, 540 MW (*2007*)
 - Southaven Combined Cycle, 891 MW (*2008*)
- Board approval of the 2007 Strategic Plan (*May 2007*)
- Successful restart of Browns Ferry Unit 1 (*May 2007*)
- Decision to complete Watts Bar Unit 2 (*August 2007*)
- Efficiency and environmental initiatives (*April 2008*):
 - Energy Efficiency and Demand Response Plan
 - Renewable and Clean Energy Assessment
 - Environmental Policy



2007 Strategic Plan

1. **CUSTOMERS** – Maintain power reliability, provide competitive rates, and build trust with TVA’s customers.
2. **PEOPLE** – Build pride in TVA’s performance and reputation.
3. **FINANCIAL** – Adhere to a set of sound guiding financial principles to improve TVA’s fiscal performance.
 - *Pay debt and financing obligations before assets are fully depreciated*
 - *New capacity will support new debt*
4. **ASSETS** – Use TVA’s assets to meet market demand and deliver public value.
5. **OPERATIONS** – Improve performance to be recognized as an industry leader.



Capital Expenditures

	2007*	<i>Estimated</i>		
		2008	2009	2010
Watts Bar Unit 2	\$ -	\$ 317	\$ 670	\$ 684
Other Capacity Expansion	520	691	789	1,026
Clean Air Projects	240	386	313	276
Transmission	44	73	74	56
Other	448	506	550	430
<i>Total Capital Projects</i>	\$ 1,252	\$ 1,973	\$ 2,396	\$ 2,472

*2007 figure excludes capitalized interest of \$165 million.

- Planned and current expenditures illustrate priorities outlined in TVA's 2007 Strategic Plan – *new power sources to meet demand, environmental compliance, reliability, maintenance of the current system.*



Forward-Looking Statements

This presentation contains forward-looking statements relating to future events and future performance. All statements other than those that are purely historical may be forward-looking statements. In certain cases, forward-looking statements can be identified by the use of the words such as “may,” “will,” “should,” “expect,” “anticipate,” “believe,” “intend,” “project,” “plan,” “predict,” “assume,” “forecast,” “estimate,” “objective,” “possible,” “probably,” “likely,” “potential,” or other similar expressions.

Some examples of forward-looking statements include statements regarding TVA’s projections of future power and energy requirements; future costs related to environmental compliance; impacts of potential legislation on TVA and the likelihood of enactment of such legislation; projected capital expenditures; strategic objectives; anticipated availability of nuclear waste storage facilities; projections of nuclear decommissioning costs; options for additional nuclear generating capacity; and impacts of pending litigation and various administrative orders which have been or may be issued.

Although TVA believes that the assumptions underlying the forward-looking statements are reasonable, TVA does not guarantee the accuracy of these statements. Numerous factors could cause actual results to differ materially from those in the forward-looking statements. These factors include, among other things, new laws, regulations, and administrative orders, especially those related to the restructuring of the electric power industry and various environmental matters; increased competition among electric utilities; legal and administrative proceedings; the financial and economic environment; availability and performance of TVA’s generation and transmission assets; accidents or incidents at non-TVA facilities which affect the entire industry or the economy in general; fuel prices; demand for electricity; changes in technology; changes in the price of power; loss of any significant customers or suppliers; creditworthiness of counterparties; weather conditions and other natural phenomena; changes in accounting standards; and unforeseeable events. New factors emerge from time to time, and it is not possible for management to predict all such factors or to assess the extent to which any factor or combination of factors may impact TVA’s business or cause results to differ materially from those contained in any forward-looking statement.

TVA undertakes no obligation to update any forward-looking statement to reflect developments that occur after the statement is made.